



## Senate

General Assembly

**File No. 404**

February Session, 2002

Substitute Senate Bill No. 497

*Senate, April 9, 2002*

The Committee on Finance, Revenue and Bonding reported through SEN. LOONEY of the 11th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

**AN ACT CONCERNING CERTAIN SET-ASIDE PROVISIONS FOR  
SMALL CONTRACTORS AND MINORITY BUSINESS ENTERPRISES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1      Section 1. (NEW) (*Effective July 1, 2002*) Notwithstanding the  
2      provisions of section 4a-60g of the general statutes, as amended, any  
3      municipality with a population greater than thirty thousand or the  
4      board of education of any such municipality which receives, on and  
5      after July 1, 2002, sixty per cent or more of the funding for a capital  
6      project from the state either from the General Fund or from proceeds  
7      from the issuance of bonds of the state, the total cost of which project  
8      exceeds two hundred fifty thousand dollars, shall, in carrying out such  
9      project, be considered a state agency for purposes of such project and  
10     shall comply with the relevant provisions of said section 4a-60g.

This act shall take effect as follows:

Section 1	<i>July 1, 2002</i>
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**FIN**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

Effect	Municipalities	FY 03 \$
STATE MANDATE - Minimal	Various Municipalities	See Below

**Explanation**

Assuming a municipality that receives bids for proposals includes the set-aside requirements in the request for proposal (RFP) to prospective general contractors then the additional municipal administrative costs are expected to be minimal.

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**OLR Bill Analysis**

sSB 497

**AN ACT CONCERNING CERTAIN SET-ASIDE PROVISIONS FOR  
SMALL CONTRACTORS AND MINORITY BUSINESS  
ENTERPRISES****SUMMARY:**

This bill extends the requirements of the state's small and minority business set-aside law to certain municipal and school board capital projects. Towns and boards must comply with these requirements if (1) the town has more than 30,000 people, (2) 60% or more of the project funding comes from state General Fund appropriations or state bond proceeds on or after July 1, 2002, and (3) the project's total cost is more than \$250,000.

Under the bill, covered entities must reserve (1) 25% of the value of each covered contract for exclusive bidding by small businesses and (2) 25% of the contracts reserved for small businesses for exclusive bidding by businesses owned by women, members of specified minority groups, people with disabilities, and qualified nonprofit organizations.

EFFECTIVE DATE: July 1, 2002

**BACKGROUND*****Small Business and Minority Set-Aside Law***

Under the set-aside law, a small business is one that has been in business for at least a year and had \$10 million or less in gross revenue in the most recently completed fiscal year before it applies to participate. A minority business is a small contractor or nonprofit organization at least 51% owned or controlled by (1) a person with a disability; (2) black Americans; (3) Hispanic Americans, including people of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin, regardless of race; (4) people with origins in the Iberian Peninsula, including Portugal, regardless of race; (5) women; (6) Asian Pacific Americans and Pacific Islanders; or (7)

American Indians and Native Americans who maintain identifiable tribal affiliations. A person with a disability is someone who has, or has a record of having, a physical impairment that substantially limits any major life activity.

Within the set-asides, contracts must be awarded competitively. The law allows an agency, instead of setting aside part of a contract itself, to require a general or trade contractor to set aside the required contract share. Awards to a single small contractor are limited to \$10 million per year.

### **COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 28      Nay 14